

MOOKGOPHONG LOCAL MUNICIPALITY



**ANNUAL FINANCIAL STATEMENTS
2008/2009**

Annual Financial Statements

for

MOOKGOPHONG LOCAL MUNICIPALITY

for the year ended 30 June 2009

Province:

Limpopo

AFS rounding:

R (i.e. only cents)

Contact Information:

Name of Municipal Manager:	M J Kgatla
Name of Chief Financial Officer:	D A Masengana
Contact telephone number:	014 743 6600
Contact e-mail address:	danielm@mookgophong.gov.za
Name of contact at provincial treasury:	S. Murenga
Contact telephone number:	015 291 8560
Contact e-mail address:	murengas@treasury.limpopo.gov.za
Name of relevant Auditor:	Mr L. Nevhutalu
Contact telephone number:	015 299 4400
Contact e-mail address:	lnevhutalu@agsa.co.za
Name of contact at National Treasury:	Jan Hattingh
Contact telephone number:	012 315 5009
Contact e-mail address:	jan.hattingh@treasury.gov.za

MOOKGOPHONG LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
30 JUNE 2009

General Information

Members of the Council

KS Lamola	Mayor
-----------	-------

NS Monyamane V Rothman CA Pretorius MR Kekana RE Kgosana L Seanego CJ Espach	Members
--	---------

Municipal Manager

M J Kgatla

Chief Financial Officer

D A Masengana

Grading of Local Authority

2

Auditors

Auditor-General

Bankers

ABSA

MOOKGOPHONG LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
30 JUNE 2009

General information (continued)

Registered Office:	Municipal Offices
Physical address:	Nelson Mandela Drive Naboomspruit 0560
Postal address:	Private Bag X340 Naboomspruit 0560
Telephone number:	014 743 6600
Fax number:	014 743 2434
E-mail address:	danielm@mookgophong.gov.za

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 37, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 21 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

FMS MODISE
ACTING MUNICIPAL MANAGER

DATE

INDEX

CONTENTS	Page
STATEMENT OF FINANCIAL POSITION	1
STATEMENT OF FINANCIAL PERFORMANCE	2
STATEMENT OF CHANGES IN NET ASSETS	3
CASH FLOW STATEMENT	4
NOTES TO THE ANNUAL FINANCIAL STATEMENTS	5
APPENDICES	
A ANALYSIS OF PROPERTY PLANT AND EQUIPMENT	33
B SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT	34
C SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE	35
D(1) ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE)	36
D(2) ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)	37

MOOKGOPHONG LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2009

		2009	2008
	Note	R	R
ASSETS			
Current assets			
Cash and cash equivalents	2	119 270	4 058 067
Consumer debtors	3	8 834 743	8 280 248
Other receivables	4	6 294 414	3 503 186
Inventories	5	1 350 492	806 921
Investments	6	39 049 566	48 677 000
Current portion of loans and receivables	8	-	8 575
Non-current assets			
Property, plant & equipment	7	86 136 652	74 974 769
Loans and receivables	8	-	1 789 936
Total assets		141 785 136	142 098 702
LIABILITIES			
Current liabilities			
Trade and other payables	9	7 200 592	5 478 180
Provisions	10	371 226	67 200
Consumer deposits	11	2 474 490	2 410 083
Unspent conditional grants and receipts	12	5 776 456	11 409 040
Current portion of finance lease obligation	13	177 247	156 495
Non-current liabilities			
Finance lease liability	13	19 037	196 285
Total liabilities		16 019 049	19 717 282
		125 766 088	122 381 420
Net Assets			
Accumulated surplus/(deficit)		125 766 088	122 381 422
		125 766 088	122 381 422

MOOKGOPHONG LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 R	2008 R
REVENUE			
Property rates	14	10 872 967	10 753 901
Service charges	15	29 705 933	24 945 489
Rental of facilities and equipment		168 433	220 632
Investment Revenue – external investments	18	6 814 264	5 879 576
Interest earned – outstanding debtors		1 295 690	1 064 426
Fines		70 522	113 325
Income from agency services		1 935 864	2 027 260
Government grants and subsidies received - operating	16	13 902 088	10 892 355
Government grants and subsidies received - capital	16	10 205 265	4 944 708
Public contributions, donated and contributed property, plant and equipment	17	35 422	-
Other income	19	1 090 240	1 649 922
Total Revenue		76 096 687	62 491 594
EXPENDITURE			
Employee related costs	20	22 660 110	19 620 835
Remuneration of councillors	21	1 662 271	1 535 655
Bad debts		3 427 042	-
Depreciation		5 687 610	5 467 558
Repairs and maintenance		3 127 102	1 192 834
Bulk purchases	22	13 598 849	10 216 642
General expenses	23	22 844 811	17 071 624
Other Expenses		-	46 808
Total Expenditure		73 007 796	55 151 956
NET SURPLUS/(DEFICIT) FOR THE YEAR		3 088 891	7 339 638

MOOKGOPHONG LOCAL MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2009

	Accumulated Surplus/ (Deficit)	Total
	R	R
Balance at 1 July 2007	115 248 672	115 248 672
Net surplus for the year	7 339 638	7 339 638
Adjustments	-	-
Property, plant and equipment purchased	-	-
Assets for capital replacement reserve	-	-
Capital grants used to purchase PPE	-	-
Donated/contributed PPE	-	-
Offsetting of depreciation	-	-
Balance at 30 June 2008	122 789 925	122 789 925
Correction of prior period error (note 24)	(408 503)	(408 503)
Restated balance	122 381 422	122 381 422
Net surplus for the year	3 088 891	3 088 891
Previous years adjustments	295 775	295 775
Transfer to CRR	-	-
Property, plant and equipment purchased	-	-
Capital grants used to purchase PPE	-	-
Donated/contributed PPE	-	-
Offsetting of depreciation	-	-
Balance at 30 June 2009	125 766 088	125 766 088

MOOKGOPHONG LOCAL MUNICIPALITY
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 R	2008 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and others		64 212 670	
Cash paid to suppliers and employees		(69 385 689)	
Cash generated from / (utilized in) operations	25	(5 173 019)	4 607 552
Interest received		6 814 264	5 879 576
Net cash from operating activities		1 641 244	10 487 128
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(16 849 493)	(8 221 771)
(Increase)/decrease in non-current receivables		1 798 511	275 276
(Increase)/decrease in current investments		9 627 434	-
Net cash used in investing activities		(5 423 548)	(7 946 495)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of finance lease liabilities		(156 494)	
Net cash used in financing activities		(156 494)	2 540 633
Increase/(decrease) in cash and cash equivalents		(3 938 798)	3 100 139
Cash and cash equivalents at beginning of the year		4 058 067	957 928
Cash and cash equivalents at end of the year		119 270	4 058 067

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

1.1 BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost basis unless otherwise stated. Under this basis the effects of transactions and other events are recognised when they occur and are recorded in the financial statements within the period to which they relate.

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003), prescribed by the Minister of

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such statements issued by the Accounting Practices Board.

The Minister of Finance has, in terms of General Notice 1290 Of 2008 exempted compliance with certain of the above-mentioned standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided in the notes to the annual statements.

These accounting policies are consistent with those of the previous financial year.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a standard of GRAP.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand and are rounded to the nearest Rand.

1.3 SIGNIFICANT ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

These annual financial statements have been prepared on a going concern basis.

In preparing the annual financial statements to conform with the standards of GRAP, management is required to make estimates, judgements and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future may differ from these estimates.

All significant estimates, judgements and underlying assumptions are reviewed on constant basis. All necessary revisions of significant estimates are recognised in the period during such revisions as well as in any future affected periods.

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

1.4 RESERVES

1.4.1 Capital Replacement Reserve (CRR)

The purpose of the CRR is to set aside cash to provide infrastructure and other items of property, plant and equipment from internal sources.

The cash is transferred to a designated CRR account or investment account and can only be used to finance items of property, plant and equipment. The transfer is done in terms of a council resolution (Number... dated...). The CRR is reduced and the accumulated surplus/(deficit) is credited by a corresponding amount when the amounts in the CRR are utilised. The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the Integrated Development Plan.

1.4.2 Capitalisation Reserve

The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from the Capitalisation Reserve to the accumulated surplus/(deficit).

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment is disposed of, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/(deficit).

1.4.3 Government Grant Reserve

When items of property, plant and equipment are purchased from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury.

When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit).

The purpose of this reserve is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation expenses that will be incurred over the estimated useful lives of the items of property, plant and equipment funded from government grants.

When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment financed from government grants is disposed of, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

1.4 RESERVES (cont)

1.4.4 Donations and Public Contributions Reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury.

The purpose of this reserve is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment financed from donations and public contributions is disposed of, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/(deficit).

1.4.5 Revaluation Reserve

(If Realised through use)

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/(deficit). On disposal, the net revaluation surplus is transferred to the accumulated surplus/(deficit) while gains or losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

(If Realised on disposal)

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised on the disposal of the property, plant and equipment. On disposal, the net revaluation surplus is transferred to the accumulated surplus/(deficit) while gains or losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

1.4.6 Mark-to-Market Reserve

Gains and losses arising from available-for-sale financial assets are recognised in equity and not the statement of financial performance except for impairment losses and foreign exchange gains and losses until the asset is derecognised. On derecognition the cumulative gains or losses previously recognised in equity shall be transferred to the statement of financial performance as a reclassification adjustment. Gains and losses from interest calculated using the effective interest method, as well as dividends from available-for-sale equity instruments are excluded from these gains and losses.

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

1.5 PROPERTY, PLANT & EQUIPMENT

1.5.1 Initial recognition

An item of property, plant and equipment which qualifies for recognition as an asset shall initially be measured at cost.

The cost of an item of property, plant and equipment comprises of its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to working condition for its intended use.

Where an item of property, plant and equipment was donated, is initially recognised at its fair value as at the date of acquisition.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met. If expenditure only restores the originally best estimate of the expected useful life of the asset, then it is regarded as repairs and maintenance and is expensed.

Incomplete construction work is stated at historical cost. Depreciation only commences when the assets is commissioned into use.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Municipality's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

1.5.2 Subsequent measurement - revaluation model (land and buildings)

Subsequently land and buildings are stated at revalued amounts, being the fair value of the land and buildings at the date of revaluation less subsequent accumulated depreciation and impairment losses in respect of buildings only. All other items of property, plant and equipment, are stated at cost, less accumulated depreciation and accumulated impairment losses.

Revaluations are performed with sufficient regularity, but at least every three to five years, to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

A decrease in the carrying amount of land and buildings as a result of a revaluation is recognised as an expense unless there is a revaluation surplus in the reserve account. Any amount in excess of the revaluation surplus is recognised as an expense.

1.5.3 Subsequent measurement - cost model

Subsequently property, plant and equipment, are stated at cost, less accumulated depreciation and accumulated impairment losses.

Land is not depreciated as it is regarded as having an infinite life.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

The residual value of an asset is determined as the estimate amount that could currently be obtained from the disposal of the asset. The residual values of assets are reviewed at each financial year end.

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

1.5 PROPERTY, PLANT & EQUIPMENT (cont)

1.5.4 Depreciation and impairment

Depreciation is calculated on the asset's depreciable amount, using the straight-line method over the useful lives of the asset. The depreciable amount is determined after deducting the residual value of the asset from its cost. The depreciation charge is recognised as an expense unless it is included in the carrying amount of another asset under construction. Assets will be depreciated according to their annual depreciation rates based on the following estimated asset lives:

<i>Infrastructure Assets</i>	<u>Years</u>
Roads, pavements, bridges and storm	30
Street names, signs and parking meters	5
Water reservoirs and reticulation	15-20
Electricity reticulation	20-30
Sewerage purification and reticulation	15-30
Housing	30
Refuse sites	15
 <i>Community Assets</i>	 <u>Years</u>
Parks and gardens	30
Sport fields	20-30
Community halls	30
Libraries	30
Recreation facilities	20-30
Clinics	30
Fire services	30
Cemeteries	30
 <i>Other Assets</i>	 <u>Years</u>
Motor vehicles	5
Plant and equipment	2-10
Buildings	30
IT equipment	3-5
Office equipment	3-7
Specialised vehicles	10

Heritage assets

Heritage assets are assets that are defined as culturally significant resources and are not depreciated as they are regarded as having an infinite life which are shown at cost. However, if improvements to heritage assets are conducted and registered as sub-assets and the useful life of the improvements can be determined, the depreciation charge of the relevant property, plant and equipment category is used for the depreciation of the sub-asset which was capitalised against the heritage asset.

On complying with Directive 4 the Municipality is entitled to take advantage of the GAMAP transitional provisions on Property, Plant and equipment until they expire, which is the financial year 2009/2010 for Low capacity Municipalities. As a result both measurement and disclosure requirements of GRAP 17 need not be complied with.

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

1.6 INTANGIBLE ASSETS

Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses.

Where an intangible asset has been acquired at no or for a nominal cost, its cost is its fair value on the date of acquisition.

Goodwill (negative goodwill) arises on the acquisition of associates and joint ventures.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands is recognised in the statement of financial performance as incurred.

1.6.1 Licences

Licences are shown at historical cost. Licences have a finite useful life and are carried at cost less accumulated amortisation and impairment losses.

1.6.2 Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Municipality and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Costs include the employee costs incurred as a result of developing software and an appropriate portion of relevant overheads.

Amortisation

Amortisation is recognised in the statement of financial performance on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

	Years
Licences	3
Computer software	3

Each item of intangible asset is amortised separately.

Intangible assets that have an indefinite useful life are tested for impairment annually.

The estimated useful life, the amortisation method and the residual values are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively.

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

1.7 IMPAIRMENT OF FINANCIAL ASSETS

Impairments of Non-financial assets

Non-Financial assets, excluding investment property, biological assets and inventories, are assessed at each reporting date to determine whether there is an indication that the carrying amount of the asset may be impaired. If such an indication exists, the recoverable amount of the asset is determined. Irrespective of whether an indication of impairment exists, the recoverable amount of goodwill, indefinite-life intangible assets and intangible assets not available for use are determined annually.

A servitude will only become impaired if the line to which the servitude is linked is derecognised. In practice a derecognised line will be refurbished or replaced by a new line. The likelihood of the impairment of a servitude right is remote.

The recoverable amount of an asset is the higher of its fair value less costs to sale and its value in use. In determining the value in use, the estimated future cash flows of the asset is discounted to their present value based on pre-tax discount rates that reflects current market assessments of the time value of money and the risks that are specific to the asset. If the value in use of an asset for which there is an indication of impairment cannot be determined, the recoverable amount of the cash-generating unit to which the asset belongs is determined. An asset's cash generating unit is the smallest group of identifiable assets that includes the asset and that generates cash inflows from continuing use that are largely independent from cash inflows from other assets.

An impairment loss is recognised in the statement of financial performance when the carrying amount of an individual asset or of a cash-generating unit exceeds its recoverable amount. If the loss relates to the reversal of a previous revaluation surplus, it is recognised in equity. Impairment losses recognised on cash-generating units are allocated on a pro rata basis, to the assets in the cash-generating unit.

Impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount of the asset or cash-generating unit. Reversals of impairment losses on cash-generating units are allocated on a pro rata basis to the assets in the unit. Impairment losses are reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been recognised in the past. Reversals of impairment losses are recognised directly in the statement of financial performance.

Impairment of Monetary assets

A provision for impairment is created when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of the receivables. The carrying value is reduced through the use of a provision and is recognised as a charge to the statement of financial performance. When a receivable is uncollectible, it is written off against the provision. Any subsequent recoveries of amounts previously written off are credited directly in the statement of financial performance.

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

1.7 IMPAIRMENT OF FINANCIAL ASSETS (cont)

An available for sale financial asset is impaired when there is a significant or prolonged decline in the fair value of the asset below its cost price or amortised cost. At such a point, any cumulative gains or losses that have been accumulated in equity are removed from equity as a reclassification adjustment and are recognised in the statement of financial performance. Any subsequent impairment losses are recognised directly in the statement of financial performance.

Where Held-to-maturity investments have been impaired, the carrying value is adjusted by the impairment loss and this is recognised as an expense in the period that the impairment is identified.

1.8 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets or disposal groups are classified as non-current assets held for sale when the carrying amount of the asset or disposal group is to be recovered principally through a sale transaction rather than through continuing use.

Immediately before the classification of the asset or disposal group as held for sale, the carrying amount of the assets, or the assets and liabilities in the disposal group, are measured in accordance with applicable GRAP standards. Subsequently the asset or disposal group is measured at the lower of its carrying amount and fair value less cost to sell, with any adjustment recorded in the statement of financial performance.

1.9 LEASES

Leases that transfer substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease payments are recognised as an expense on a straight-line basis over the lease period.

The Municipality as Lessee

Assets leased in terms of finance lease agreements are capitalised at amounts equal at the inception of the lease to the fair value of the leased property, or lower, at the present value of the minimum lease payments. Capitalised leased assets are depreciated in accordance with the accounting policy applicable to property, plant and equipment, refer to property, plant and equipment policy 1.5. The corresponding rental obligations, net of finance charges, are included in long-term borrowings. Lease finance charges are amortised to the statement of financial performance (unless they are directly attributable to qualifying assets) over the duration of the leases so as to achieve a constant rate of interest on the remaining balance of the liability.

Obligations incurred under operating leases are charged to the statement of financial performance in equal instalments over the period of the lease, except when an alternative method is more representative of the time pattern from which benefits are derived.

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

1.9 LEASES (cont)

The Municipality as Lessor

Amounts due from lessee under finance leases are recognised in the statement of financial position and presented as a receivable at an amount equal to the net investment in the lease. The difference between the gross receivable and the cost of the asset is recognised as unearned finance income. Finance income is recognised based on a pattern reflecting a constant periodic rate of return on the net investment outstanding in respect of the finance lease.

Rental income derived from operating leases is recognised on a straight-line basis over the term of the lease in the statement of financial performance. Initial direct costs incurred in negotiating and arranging the operating lease are included in the carrying amount of the leased asset and recognised in the statement of financial performance on a straight-line basis over the lease term.

Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

1.10 FINANCIAL INSTRUMENTS

Financial instruments are initially measured at fair value, plus, in the case of financial instruments not at fair value through profit or loss, transaction costs. The fair value of a financial instrument that is initially recognised is normally the transaction price, unless the fair value is evident from the observable market data. The municipality uses a discounted cash flow model which incorporates entity-specific variables to determine the fair value of financial instruments that are not traded in an active market. Differences may arise between the fair value initially recognised in (which in accordance with IAS 39, is generally the transaction price) and the amount initially determined using the valuation technique. Any such differences are subsequently recognised in profit or loss only to the extent that they relate to a change in the factors (including time) that market participants would consider in setting the price.

Financial instruments include cash and bank balance, investments, trade receivables and borrowings. The municipality classifies its financial assets as loans and receivables.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discount) through the expected life of the financial asset, or, where appropriate a shorter period.

1.10.1 FINANCIAL ASSETS

Financial assets are recognised in the municipality's statement of financial position when the municipality becomes a party to the contractual provisions of an instrument. Regular way purchases and sales of financial assets are recorded on the trade date.

The municipality classifies its financial assets in the following categories: fair value through profit or loss, loans and receivables, held-to-maturity as well as available for sale. All financial assets that are within the scope of IAS 39 are classified into one of the four categories.

1.10.1.1 Financial assets at fair value through profit and loss

An instrument is at fair value through profit or loss if it is held for trading or designated as such. Purchase or sale decisions with regard to these investments are managed in accordance with the municipality's documented risk or investment strategy. Financial assets at Fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in the statement of financial performance. The net gain or loss recognised in the statement of financial performance incorporates any dividend or interest earned on the

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

1.10 FINANCIAL INSTRUMENTS

1.10.1.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities in excess of 12 months. These are classified as non-current assets. They include short-term receivables, such as property rates, trade and other receivables, and long-term receivables, such as loans granted. This category may also include financial assets that would have been impaired or past due if the terms of the instrument were

Loans and receivables are recognised initially at fair value, plus transaction costs. Subsequently items in this category are measured at amortised cost using the effective interest rate, and interest income is included in the statement of financial performance for the period. Net gains or losses represent; reversals of impairment losses, impairment losses, as well as gains or losses on derecognition. These net gains and losses are included in the statement of financial performance.

1.10.1.3 Held-to-maturity investments

Debt securities that the Municipality has the expressed intention and ability to hold to a fixed maturity date are recognised on a trade date basis and are initially measured at fair value plus transaction cost.

Subsequent to initial recognition, held-to-maturity assets are measured at amortised cost calculated using the effective interest method.

Investments which include listed government bonds, unlisted municipal bonds, fixed deposits and short term deposits invested in registered banks are stated at cost.

Surplus funds are invested in terms of Council's Investment Policy.

The investment period should be such that it will not be necessary to borrow funds against the investments at a penalty interest rate to meet commitments.

1.10.1.4 Available for sale assets

Non-derivative assets that do not fall into any of the other categories are classified as available for sale. These financial instruments are stated at fair value plus transaction costs. Fair value is determined with reference to quoted market prices. Gains and losses arising from changes in fair value, with the exception of impairment losses, are recognised directly in equity in the Mark-to-Market reserve.

Dividends on available for sale equity instruments are recognised in the surplus or deficit when the Municipality's right to receive payment is established.

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

1.10 FINANCIAL INSTRUMENTS (cont)

1.10.2 FINANCIAL LIABILITIES

Financial liabilities are recognised in the municipality's statement of financial position when the municipality becomes party to the contractual provisions of the instrument.

The municipality classifies its financial liabilities in the following categories: at fair value through profit or loss and other financial liabilities. The classification depends on the purpose for which the financial liabilities were issued/obtained.

1.10.2.1 Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at Fair Value Through Profit or Loss where the financial liability is either held for trading or it is designated as at Fair Value Through Profit or Loss.

Financial liabilities at Fair Value Through Profit or Loss are stated at fair value, with any resultant gain or loss recognised in the statement of financial performance. Interest expense is calculated using the effective interest rate method and included as part of finance costs in the Statement of Financial Performance.

1.10.2.2 Other financial liabilities

Other financial liabilities, including interest bearing borrowings, are initially measured at fair value, net of transaction costs.

Subsequently, other financial liabilities are measured at amortised cost using the effective rate method, with interest costs being recognised on an effective yield basis.

1.11 INVENTORIES

Inventories are initially measured at cost which cost of inventories comprises of all costs of purchase, costs of development, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Consumable stores, raw materials, work in progress, unused water, and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average cost of commodities.

Redundant and slow-moving stock are identified and written down with regard to their estimated economic or realisable values and sold by public auction. Consumables are written down with regard to age, condition and utility.

Unsold properties are valued at the lower of cost and net realisable value on a specific identification cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

1.12 CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and cash at bank. Short term investments are excluded. Bank overdrafts are recorded on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

1.13 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation, as a result of past events, that is probable to cause an outflow of resources embodying economic benefits required to settle the obligation and a reliable estimate of the provision can be made.

Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate used in calculating the present value is the interest rate implicit in the transaction. Where this is impractical to determine the average interest rate cost of borrowing rate of the Municipality is used.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is reversed.

1.14 EMPLOYEE BENEFITS

1.14.1 Short-term employee benefits

The cost of short-term employee benefits, which include salaries and wages, short-term compensated absences and profit sharing and bonus plans, are expensed in the Statement of Financial Performance in the financial year during which the payment is made.

Liabilities for short-term employee benefits that are unpaid at year-end are measured at the undiscounted amount that the municipality expected to pay in exchange for that service that had accumulated at the

1.14.2 Termination Benefits

Termination benefits are recognised when actions have been taken that indicate that the municipality is demonstrably committed to either terminate the employment of an employee or group of employees before the normal retirement date; or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

1.14.3 Retirement benefits

The municipality provides retirement benefits for its employees and councillors.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees and councillors have rendered the employment service or served office entitling them to the contributions.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the municipality pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the statement of financial performance when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit plans

Defined benefit plans are post-employment benefit plans other than Defined Contribution plans. The defined benefit plans are valued triennially by means of the projected unit credit method. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year in which they become payable.

Post employment medical care benefits

The municipality provides post employment medical care benefits to its employees and their legitimate spouses. The entitlement to post-retirement medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period. The expected cost, of these benefits is accrued over the period of employment.

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

1.15 REVENUE RECOGNITION

Revenue shall be measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, VAT and other similar allowances.

1.15.1 Revenue from exchange transactions

Rendering of services

Flat rate service charges relating to electricity and water which are based on consumption are metered and an estimate of consumption between the latest meter reading and the reporting date shall be recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- The amount of the revenue can be measured reliably.

Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumptions are made monthly when meter readings have not been performed and are recognised as revenue when invoiced.

In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the number of refuse containers on each property, regardless of whether or not containers are emptied during the month.

Service charges from sewerage and sanitation are based on the size of the property, number of dwelling on each property and connection, using the tariffs approved by Council and are levied monthly.

Revenue from the sale of electricity prepaid meter credit is recognised at the point of sale.

Sale of goods

Revenue from the sale of erven is recognised when all conditions associated with the deed of sale have been met.

Interest

Interest shall be recognised on a time proportionate basis that takes into account the effective yield on the asset;

Agency Services

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Collection charges are recognised when such amounts are incurred.

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

1.15.2 Revenue from non-exchange transactions

Fines

Revenue from fines is recognised when payment is received.

Grants and donations received

Government Grants can be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services.

Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use.

Conditional grants, donations and funding were recognised as revenue in the Statement of Financial Performance to the extent that the Municipality has complied with any criteria, conditions or obligations embodied in the agreement/arrangement. To the extent that the criteria, conditions and obligations have not been met a liability is raised in the Statement of Financial Position. Unconditional grants, donations and funding are recognised as revenue in the Statement of Financial Position at the earlier of the date of receipt or when the amount is receivable.

Contributed assets are recognised at fair value when the risks and rewards associated with such asset transfer to the Municipality.

1.15.3 Rates (including collection charges and penalty interest)

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Rebates are respectively granted, to owners of land on which not more than two dwelling units are erected provided that such dwelling units are solely used for residential purposes. Additional relief is granted to needy, aged and/or disabled owners, based on income .

Assessment rates income is recognised once a rates account has been issued to ratepayers. Adjustments or interim rates are recognised once the municipal valuer has valued the change to properties.

1.15.4 Other

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue from the recovery of unauthorised irregular, fruitless and wasteful expenditure is based on legislated procedures.

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

1.16 VALUE ADDED TAX

The municipality accounts for Value Added Tax on the cash basis.

1.17 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act 56 of 2003).

Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.18 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Act (Act 56 of 2003), the Municipal Systems Act (Act 32 of 2000), the Public Office Bearers Act (Act 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.19 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.20 COMPARATIVE INFORMATION

Budgeted amounts have been included in the annual financial statements for the current financial year only. When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
2. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of the following:		
Cash on hand	16 685	5 660
Cash at bank	102 584	9 899 519
Call deposits		
	<u>119 270</u>	<u>9 905 179</u>

The municipality has the following bank account:

Current account (primary bank account)

Bank: ABSA

Account number: 1080570097

Bank statement balance at beginning of year	9 899 519	8 184 979
Bank statement balance at end of year	<u>5 626 365</u>	<u>9 899 519</u>
Cash book balance at beginning of year	4 052 407	952 268
Cash book balance at end of year	<u>(1 570 421)</u>	<u>4 052 407</u>

	Gross Balances	Provision for Doubtful Debts	Net Balance
3. CONSUMER DEBTORS			
30 June 2009			
Service debtors			
Rates	4 480 946	(2 217 689)	2 263 257
Electricity	6 632 685	(3 282 618)	3 350 067
Water	1 810 716	(896 151)	914 565
Sewerage	1 809 249	(895 425)	913 824
Refuse	883 907	(437 459)	446 448
Other	1 874 107	(927 525)	946 582
Total	<u>17 491 610</u>	<u>(8 656 867)</u>	<u>8 834 743</u>
30 June 2008			
Service debtors			
Rates	4 440 209	(1 423 892)	3 016 317
Electricity	2 086 056	(1 358 858)	727 198
Water	3 208 877	(563 909)	2 644 968
Sewerage	1 399 641	(619 958)	779 683
Refuse	574 154	(311 904)	262 250
Other	1 801 137	(951 305)	849 832
Total	<u>13 510 074</u>	<u>(5 229 826)</u>	<u>8 280 248</u>
<u>Rates: Ageing</u>			
Current (0 – 30 days)	1 455 443		982 385
31 - 60 Days	395 800		638 024
61 - 90 Days	379 560		320 062
91 - 120 Days	371 653		2 499 738
+ 120 Days	1 878 489		
Total	<u>4 480 945</u>		<u>4 440 209</u>

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
3. CONSUMER DEBTORS (cont)		
<u>Electricity, Water and Sewerage: Ageing</u>		
Current (0 – 30 days)	6 800 504	
31 - 60 Days	1 001 704	1 342 105
61 - 90 Days	751 582	852 982
91 - 120 Days	1 480 196	361 811
+ 120 Days	(414 910)	4 711 830
Total	<u>9 619 076</u>	<u>7 268 728</u>
<u>Refuse and Other Ageing</u>		
Current (0 – 30 days)	411 963	
31 - 60 Days	91 126	
61 - 90 Days	63 844	
91 - 120 Days	58 554	
+ 120 Days	2 132 427	
Total	<u>2 757 914</u>	
Consumer debtors per category		
Government	2 857 351	
Business	4 764 929	
Individuals	9 234 365	
Other	1 292	
	<u>16 857 937</u>	
Reconciliation of the doubtful debt provision		
Balance at beginning of the year	5 229 826	5 226 034
Contributions to provision	3 427 042	3 792
Doubtful debts written off against provision		
Reversal of provision		
Balance at end of year	<u>8 656 868</u>	<u>5 229 826</u>
4. OTHER RECEIVABLES		
Investment Interest	2 586 841	1 904 771
New Republic Bank	390 558	
Other deposits	21 083	21 083
SARS - VAT input	1 913 223	481 896
Other	1 382 709	1 095 436
Total Other Receivables	<u>6 294 414</u>	<u>3 503 186</u>
5. INVENTORIES		
Opening balance of inventories:		
Consumable stores - at cost	806 920	964 096
Additions:		
Consumable stores	1 780 679	1 507 474
Issued/sold (expensed):		
Consumable stores	(1 237 107)	(1 664 649)
Closing balance of inventories:		
Consumable stores	<u>1 350 492</u>	<u>806 921</u>
6. INVESTMENT		
Current investments	39 049 566	48 677 000
	<u>39 049 566</u>	<u>48 677 000</u>

MOOKGOPONG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 30 JUNE 2009

7. PROPERTY, PLANT & EQUIPMENT

	Land and Buildings R	Infrastructure R	Community Assets R	Other Assets R	Total R
Carrying values at 1 July 2008	11 656 785	50 033 930	6 425 856	6 858 198	74 974 769
Cost	12 060 803	61 773 241	7 294 428	18 932 086	100 060 558
Accumulated depreciation – cost	(404 018)	(11 739 311)	(868 572)	(12 073 888)	(25 085 789)
Acquisitions	-	8 462 469	1 376 134	1 008 323	10 846 926
Capital under construction	2 359 256	3 643 311	-	-	6 002 567
Depreciation – based on cost	(118 209)	(3 424 786)	(260 854)	(1 883 761)	(5 687 610)
Carrying value of disposals					-
Cost					
Accumulated depreciation					
Carrying values at 30 June 2009	13 897 832	58 714 924	7 541 136	5 982 760	86 136 652
Cost	14 420 059	73 879 021	8 670 562	19 940 409	116 910 051
Accumulated depreciation – cost	(522 227)	(15 164 097)	(1 129 426)	(13 957 649)	(30 773 399)
Carrying values at 30 June 2008	11 656 785	50 033 930	6 425 856	6 858 198	74 974 769
Cost	12 060 803	61 773 241	7 294 428	18 932 086	100 060 558
Accumulated depreciation – cost	(404 018)	(11 739 311)	(868 572)	(12 073 888)	(25 085 789)

The Municipality has taken advantage of Property, Plant and Equipment transitional provisions of paragraphs .75 and .78 of Directive 4 of February 2008

The Municipality is in the process of itemising immovable assets and at present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of asset, using global historical costs recorded in the accounting records.

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
8. LOANS AND RECEIVABLES		
Investment New Republic Bank	-	1 095 529
Motor car loans	-	12 186
Stand Loans	-	694 407
Deposit - electricity	-	(3 611)
	<u>-</u>	<u>1 798 511</u>
Less: current portion transferred to current receivables		8 575
Motor car loans	-	12 186
Stand Loans	-	-
Deposit - electricity	-	(3 611)
	<u>-</u>	<u>1 789 936</u>
Motor car loans		
Senior staff were previously entitled to car loans which attract different interest rates and is repayable over a maximum period of 5 years. These loans are fully repaid.		
9. TRADE AND OTHER PAYABLES		
Trade creditors	1 573 297	673 749
Payments received in advance	1 559 798	926 225
Staff leave	2 366 261	
Retentions	1 509 298	106 997
Unknown deposits		
Other (specify)	191 937	819 970
Total Trade and Other Payables	<u>7 200 592</u>	<u>2 526 941</u>
10. PROVISION		
Performance bonuses	<u>371 226</u>	<u>67 200</u>
Balance at beginning of year	67 200	67 200
Contributions to provision	304 026	
Expenditure incurred		
Balance at end of year	<u>371 226</u>	<u>67 200</u>
11. CONSUMER DEPOSITS		
Water and electricity	<u>2 474 490</u>	<u>2 410 083</u>
No interest is paid on consumer deposits.		
Guarantees held in lieu of electricity and water deposits	<u>130 250</u>	<u>130 250</u>

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
12. UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
<i>Conditional Grants from other spheres of Government</i>		
Finance Management Grant	-	80 780
Transitional grant	-	5 915
Municipal Infrastructure Grant	506 392	5 059 344
Housing Grant	5 148 757	5 149 577
Drought Relief	55 580	700 000
WDM	61 112	413 424
Municipal Systems Improvement Grant	4 615	-
Total Conditional Grants and Receipts	<u>5 776 456</u>	<u>11 409 040</u>

See note 16 for the reconciliation of grants from other spheres of government.

These amounts are invested in a ring-fenced investment until utilised.

13. FINANCE LEASE LIABILITY

	Minimum lease payment	Future finance charges	Present value of lease payments
30 June 2009			
Amounts payable under finance leases			
Within one year	191 909	14 661.28	177 247
Within two to five years	19 462	424	19 037
	<u>211 370</u>	<u>15 086</u>	<u>196 285</u>
Less: Amount due for settlement within 12 months (current portion)			<u>(177 247)</u>
			<u>19 037</u>
30 June 2008			
Amounts payable under finance leases			
Within one year	191 909	35 414	156 495
Within two to five years	211 370	15 086	196 285
	<u>403 279</u>	<u>50 500</u>	<u>352 779</u>
Less: Amount due for settlement within 12 months (current portion)			<u>(156 495)</u>
			<u>196 285</u>

The effective interest rate is between 12.5% and 13.5% and is repayable in 59 equal instalments of which the first was paid in September 2005. The last instalment is payable during June 2011.

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	R	R
14. PROPERTY RATES		
Residential	8 163 416	8 439 744
Commercial	1 851 729	1 774 625
Agricultural	189 806	12 306
State	668 017	527 226
	10 872 967	10 753 901
VALUATIONS	R000's	R000's
Residential	58 574 018	46 156 718
Commercial	8 312 565	7 468 960
Agricultural	7 243 000	192 000
Municipal	41 000	58 000
State	2 632 500	2 632 500
Other	201 800	192 800
	77 004 883	56 700 978
<p>Valuations on land and buildings are performed every four years. The Valuation Roll was compiled in 2000. Interim valuations are processed on a quarterly basis to take into account changes in individual property values due to alterations and subdivisions. The new Valuation Roll to be implemented from 01 July 2009.</p>		
15. SERVICE CHARGES		
Sale of electricity	19 802 136	14 152 574
Sale of water	3 620 573	4 741 907
Refuse removal	3 070 825	2 922 375
Sewerage and sanitation charges	3 212 399	3 128 633
	29 705 933	24 945 489
16. GOVERNMENT SUBSIDIES & GRANTS		
Operating Grants	13 902 088	10 892 355
Equitable share	11 440 589	8 881 960
Finance management Grant	1 080 780	448 461
Municipal Systems Improvement Grant	730 385	734 000
Other	650 335	827 934
Capital Grants	10 205 265	4 944 708
Municipal Infrastructural Grant	9 852 953	3 624 708
Other	352 312	1 320 000
Total Government Grants & Subsidies	24 107 353	15 837 063

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
16. GOVERNMENT SUBSIDIES & GRANTS (cont)		
16.1 Equitable Share		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members and for the running of operations within municipality		
16.2 LED		
Balance unspent at beginning of year	-	159 136
Current year receipts	-	-
Conditions met – transferred to revenue	-	(159 136)
Unspent amount transferred to liabilities	<u>-</u>	<u>-</u>
The grant was used to employ LED officers.		
16.3 Transitional Grant		
Balance unspent at beginning of year	5 915	5 996
Current year receipts	-	-
Conditions met – transferred to revenue	(5 915)	(81)
Unspent amount transferred to liabilities	<u>-</u>	<u>5 915</u>
The grant was utilised to finance the upgrade on the financial system.		
16.4 Finance Management Grant		
Balance unspent at beginning of year	80 780	29 241
Current year receipts	1 000 000	500 000
Conditions met – transferred to revenue	(1 080 780)	(448 461)
Unspent amount transferred to liabilities	<u>-</u>	<u>80 780</u>
(see note 12)		
This grant was used to promote and support reforms to municipal financial management and the implementation of the MFMA, 2003. The conditions of the grant were met. No funds have been withheld.		
16.5 Municipal Systems Improvement Grant		
Balance unspent at beginning of year	-	-
Current year receipts	735 000	734 000
Conditions met – transferred to revenue	(730 385)	(734 000)
Unspent amount transferred to liabilities	<u>4 615</u>	<u>-</u>
(see note 12)		
The purpose of the grant is for institutional systems.		
16.6 IDP Grant		
Balance unspent at beginning of year	-	168 717
Current year receipts	-	0
Conditions met – transferred to revenue	-	(168 717)
Unspent amount transferred to liabilities	<u>-</u>	<u>-</u>
The grant was utilised for the IDP review process. The conditions of the grant were met.		
16.7 Housing Grant		
Balance unspent at beginning of year	5 149 577	5 149 577
Current year receipts	-	-
Conditions met – transferred to revenue	(820)	-
Unspent amount transferred to liabilities	<u>5 148 757</u>	<u>5 149 577</u>
The grant was utilised for the erection of RDP houses. The conditions of the grant were met.		
16.8 Lotto Grant		
Balance unspent at beginning of year	-	1 320 000
Current year receipts	-	-
Conditions met – transferred to revenue	-	(1 320 000)
Unspent amount transferred to liabilities	<u>-</u>	<u>-</u>
The grant was utilised for the upgrading of stadiums. The conditions of the grant were met.		

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
16. GOVERNMENT SUBSIDIES & GRANTS (cont)		
16.9 Valuation Roll Grant		
Balance unspent at beginning of year	-	500 000
Current year receipts	-	-
Conditions met – transferred to revenue	-	(500 000)
Unspent amount transferred to liabilities	-	-
The grant was utilised for the preparation of valuation roll		
16.10 Welgevonden Pipeline		
Balance unspent at beginning of year	413 424	413 424
Current year receipts	-	-
Conditions met – transferred to revenue	(352 312)	-
Unspent amount transferred to liabilities	61 112	413 424
(see note 12)		
The grant is used for the pipeline project.		
16.11 Municipal Infrastructure Grant (MIG)		
Balance unspent at beginning of year	5 059 345	5 059 345
Current year receipts	5 300 000	3 624 708
Conditions met – transferred to revenue	(9 852 953)	(3 624 708)
Unspent amount transferred to liabilities	506 392	5 059 345
(see note 12)		
This grant was used to construct municipal infrastructure to provide basic services for the benefit of poor households. The conditions of the grant were met.		
16.12 Drought relief Grant		
Balance unspent at beginning of year	700 000	-
Current year receipts	-	700 000
Conditions met – transferred to revenue	(644 420)	-
Unspent amount transferred to liabilities	55 580	700 000
(see note 12)		
16.13 Changes in levels of government grants		
Based on the allocations set out in the Division of Revenue Act, (Act 12 of 2009), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.		
17. PUBLIC CONTRIBUTIONS, DONATED & CONTRIBUTED PROPERTY, PLANT & EQUIPMENT		
Waterberg District Municipality	35 422	-
18. INVESTMENT REVENUE - EXTERNAL INVESTMENTS		
External investments	6 814 264	5 879 576
	6 814 264	5 879 576
19. OTHER INCOME		
Fire fighting	282 750	342 970
Connection and reconnection fees	62 529	14 521
Sundry	744 961	1 291 509
Total Other Income	1 090 240	1 649 000

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
20. EMPLOYEE RELATED COSTS		
Employee related cost - Salaries and wages	14 620 768	12 924 575
Employee related cost - Social contributions	3 627 577	3 009 994
Travel, motor car, accommodation & other allowances	1 885 484	2 188 619
Housing benefits and allowances	556 754	57 411
Overtime benefits	2 059 495	1 440 236
Leave provision	(89 967)	
	22 660 110	19 620 835
There were no advances paid to employees.		
Municipal Manager		
Annual remuneration	534 500	479 761
Allowances	130 900	120 000
	665 400	599 761
Chief Financial Officer		
Annual remuneration	301 878	80 805
Performance bonus		8 000
Allowances	133 848	10 863
Council Contributions		21 623
	435 726	121 291
Remuneration of Individual Managers 30 June 2009	Technical Services	Corporate Services
Annual remuneration	372 568	302 282
Allowances	121 492	113 045
	494 060	415 327
Remuneration of Individual Managers 30 June 2008	Technical Services	Corporate Services
Annual remuneration	278 262	80 805
Performance bonus	16 000	8 000
Allowances	16 000	10 863
Council Contributions	23 421	21 622
	333 683	121 290
No performance bonuses were paid out in terms of Section 57 of the Municipal Systems Act.		
21. REMUNERATION OF COUNCILLORS		
Mayor	454 154	413 874
Councillors	842 947	1 121 781
Councillors allowances	365 169	
	1 662 271	1 535 655
The Mayor and the Chief Whip are full time. They both have an office in the Municipal building.		
The Mayor has use of a Council owned vehicle for official duties. Both are provided with office and secretarial support at the cost of Council.		
22. BULK PURCHASES		
Electricity	13 578 124	10 216 642
Water	20 726	
	13 598 849	10 216 642

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
23. GENERAL EXPENSES		
Included in general expenses is the following:-		
Advertising	225 485	41 999
Bank costs	112 832	88 999
Books and magazines	41 938	39 385
LED expenditure	318 044	209 434
Contribution to research	132 979	80 002
Capacity Building	772 095	321 350
Chemicals	136 731	120 196
Communication	744 771	71 122
Employment Equity Plan	8 717	131 565
Printing and stationery	323 880	253 884
Equitable share	5 436 063	4 488 030
Electricity	251 820	191 993
IDP review and implementation	308 015	99 981
Support and donations	18 000	17 700
PMS implementation	405 489	204 112
Policies development and review		114 005
Rental photocopiers	113 503	270 437
Rental landfill site	4 030	32 181
Rental equipment	279 134	130 133
Conferences and congresses	378 027	247 132
Inspection of Equipment	76 000	50 870
Children's programs	43 802	25 941
Membership fees	101 828	75 053
Elderly programmes	26 327	25 230
Material and stock	407 208	159 268
Gender - woman	171 811	26 305
Meter Readings	6 571	97
Development of WSP/ATR & EEP		189 450
Disabled/Aids	95 705	25 999
Sample analysis		3 020
Entertainment	55 830	55 000
Entertainment Municipal Manager	14 781	13 332
Youth	307 530	49 970
Skills development	-	92 824
Audit fees	1 294 914	815 381
Mayor's inauguration		69 063
Audit Committee	70 947	69 467
Postage	92 804	88 857
Legal fees	1 050 309	821 424
Sport	114 017	69 999
Computer rental	601 217	589 401
Sanitation	-	28 264
Sewer	-	17 058
Security	511 930	441 226
Sundry expenditure		46 542
Telephone	689 971	630 612
Cellphone	219 990	170 370
Insurance consolidated	817 522	1 034 201
Admin Cost	123 911	86 829
Refreshments Council	48 947	35 374
Refreshments Committee	61 747	42 987
Transport	2 407 990	2 046 527
FMG expenditure	386 629	236 503
Transport AD- HOC	492 556	77 880
Disaster Management		1 064
Valuation roll	909 315	1 150 039
Water		9 996
Transport department payment	-	
Municipal Support Grant	371 329	474 547
Spatial Development		72 014
Other	1 259 819	
	22 844 811	17 071 624

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
24. CORRECTION OF PRIOR PERIOD ERRORS		
24.1 During the year ended 30 June 2008, a deemed finance lease liability was recognised as an operating lease.		
The comparative amount has been restated as follows:		
Rental of equipment adjusted		365 160
Depreciation recalculated		(403 836)
24.2 During the year ended 30 June 2008, Property, plant and equipment was incorrectly stated.		
The comparative amount has been restated as follows:		
Correction of Property plant and equipment		
- Attributable to the 2008 Financial Year		
Depreciation recalculated		(285 276)
Asset values incorrectly stated		(84 551)
Net effect on surplus/(deficit) for the year	<u><u> </u></u>	<u><u>(408 503)</u></u>
25. CASH GENERATED FROM/(UTILISED IN) OPERATIONS		
Net surplus for the year	3 088 891	7 339 638
Adjustment for:		
Prior adjustments	295 776	
Depreciation charges	5 687 610	5 467 558
Contributions to provisions	304 026	19 274
Interest received	(6 814 264)	(5 879 576)
Interest paid	-	-
Operating surplus before working capital changes	<u><u>2 562 039</u></u>	<u><u>6 946 894</u></u>
(Increase)/decrease in inventories	(543 571)	157 176
(Increase)/decrease in other receivables	(2 791 228)	(3 125 613)
(Increase)/decrease in consumer debtors	(554 495)	809 722
Increase/(decrease) in conditional grants	(5 632 584)	(64 118)
Increase/(decrease) in trade payables	1 722 412	25 167
Increase/(decrease) in consumer deposits	64 407	117 521
(Increase)/decrease in investment deposits		(259 197)
Net cash from operating activities	<u><u>(5 173 019)</u></u>	<u><u>4 607 552</u></u>
26. ADDITIONAL DISCLOSURES IN TERMS OF SECTION 125 OF MUNICIPAL FINANCE MANAGEMENT ACT, 2003		
26.1 Contributions to organised local government		
Opening balance	-	-
Council subscriptions	82 938	73 992
Amount paid - current	82 938	73 992
Amount paid - previous years	-	-
Balance unpaid (included in payables)	<u><u> </u></u>	<u><u> </u></u>
26.2 Audit Fees		
Opening balance	-	-
Current year audit fee	1 294 914	815 381
Amount paid - current year	1 283 249	815 381
Amount paid - previous years	-	-
Balance unpaid (included in payables)	<u><u>11 664</u></u>	<u><u> </u></u>

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
26. ADDITIONAL DISCLOSURES IN TERMS OF SECTION 125 OF MUNICIPAL FINANCE MANAGEMENT ACT, 2003 (cont)		
26.3 VAT		
VAT is payable on the payment basis. VAT input receivables and VAT output receivable are shown in notes 4. All VAT returns have been submitted by the due date throughout the year.		
26.4 Pay as You Earn (PAYE) & UIF		
Opening balance	-	-
Current year payroll deductions	2 557 852	1 702 136
Amount paid - current year	2 557 852	1 702 136
Amount paid - previous years	-	-
Balance unpaid (included in payables)	<u>-</u>	<u>-</u>
26.5 Pension and Medical Aid Deductions		
Opening balance	-	-
Current year payroll deductions and Council Contributions	4 918 297	2 881 914
Amount paid - current year	4 918 297	2 881 914
Amount paid - previous years	-	-
Balance unpaid (included in payables)	<u>-</u>	<u>-</u>
27. COMMITMENTS		
Commitments in respect of capital expenditure:		
Approved and contracted for	<u>8 974 447</u>	<u>5 300 000</u>
The expenditure will be financed from:		
- Capital Replacement Reserve	4 491 673	
- Government Grants	4 482 774	5 300 000
	<u>8 974 447</u>	<u>5 300 000</u>
28. CONTINGENT LIABILITIES		
28.1 MISCONDUCT/MM05/08 (IM MAHLOKO)		
Ongoing, the case will sit on the 21/09/2009. He was suspended from duty with full pay on the 15/4/2009 to 15/08/2009.salaries during the suspension is R12 060.63		
28.2 MISCONDUCT/MM089RM MATHABATHA		
The ruling was on her side, municipality appealed.		
She was suspended from duty with full pay on the 15/4/2009 to 15/08/2009.salaries during the suspension is R8 498.55.		
28.3 MISCONDUCT/MM049GALANE PP)		
Ongoing. He was suspended from duty with full pay on the 15/04/2009 to 15/08/2009.salaries during the suspension is R10 748.29.		
28.4 MISCONDUCT/LPD(SCHUTTE JA)		
Ongoing. Legal costs depends on the nature of the case and consultation fee by the legal firm		
28.5 MOOKGOPHONG MUNICIPALITY // JACK RAKGALE NMOO 1741 FOR J RAKGALE TO VACATE THE FARM.		
The Municipality appealed against the court decision and is busy soliciting the actual ownership with Land Affairs. The mayor is engaging the executive of the Waterberg District Municipality.		

MOOKGOPHONG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
28. CONTINGENT LIABILITIES (cont)		
28.6 DFA APPLICATION // PTN 17, 18 AND 19 [PTN OF PTN] AND THE REMAINDER OF PTN OF FARM VLAKFONTEIN 522 K.R.		
Awaiting arbitration from Limpopo Development Tribunal.		
28.7 MOOKGOPHONG MUNICIPALITY- JAMELA		
Awaiting award from Limpopo development tribunal.		
The legal rep still to claim for the representation, pending the duration of the matter.		
28.8 MOOKGOPHONG MUNICIPALITY & JOHANNA HLABEDI, VIS MOREBA		
The case is still on. The legal rep still to claim for the representation, pending the duration of the matter.(expected cost will be R 43 000.00)		
29. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
Reconciliation of fruitless and wasteful expenditure		
Opening Balance	-	
Fruitless and wasteful expenditure current year	155 690	
Condoned or written off by Council	-	
Fruitless and wasteful expenditure awaiting condonement	<u>155 690</u>	
29.1 Interest and Penalties to the amount of R35 418.67 was incurred for the month of June 2009 for the late submission of the VAT Return		
29.2 An amount of R112 000 was paid to a cancelled contract.		
29.3 Interest charged for late payment to the amount of R8 271 for services received.		

MOOKGOPHONG LOCAL MUNICIPALITY

APPENDIX A ANALYSIS OF PROPERTY, PLANT & EQUIPMENT AS AT 30 JUNE 2009

	HISTORICAL COST					ACCUMULATED DEPRECIATION					
	Opening Balance	Additions/ Transfers	Under Construction	Fair value adjustment	Disposals	Closing Balance	Opening Balance	Additions/ Transfers	Disposals	Closing Balance	Carrying Value
	R	R	R		R	R	R	R	R	R	R
INFRASTRUCTURE	61 773 241	8 462 469	3 643 311	-	-	73 879 021	11 739 311	3 424 786	-	15 164 097	58 714 924
COMMUNITY ASSETS	7 294 428	1 376 134	-	-	-	8 670 562	868 572	260 854	-	1 129 426	7 541 136
OTHER ASSETS	30 992 889	1 008 323	2 359 256		-	34 360 468	12 477 906	2 001 970	-	14 479 876	19 880 592
Other motor vehicles	10 644 352	172 000	-	-	-	10 816 352	6 625 023	985 221	-	7 610 244	3 206 108
Machinery and Equipment	2 424 078	97 581	-	-	-	2 521 660	1 581 702	260 707	-	1 842 409	679 251
Office equipment	1 781 693	198 184	-	-	-	1 979 877	1 034 588	283 849	-	1 318 438	661 440
Furniture	2 690 995	105 358	-	-	-	2 796 353	2 013 452	131 233	-	2 144 685	651 668
Buildings	8 378 698	-	2 359 256	-	-	10 737 954	404 018	118 209	-	522 227	10 215 727
Land	3 682 105	-	-	-	-	3 682 105	-	-	-	-	3 682 105
Computer Equipment	1 390 968	435 199	-	-	-	1 826 167	819 123	222 750	-	1 041 874	784 294
TOTAL	100 060 558	10 846 926	6 002 567	-	-	116 910 051	25 085 788	5 687 610	-	30 773 398	86 136 652

MOOKGOPHONG LOCAL MUNICIPALITY

**APPENDIX B
SEGMENTAL ANALYSIS OF PROPERTY, PLANT & EQUIPMENT AS AT 30 JUNE 2009**

		HISTORICAL COST					ACCUMULATED DEPRECIATION					
		Opening Balance	Additions/ Transfers	Under Construction	Disposals	Closing Balance	Opening Balance	Additions/ Transfers	Disposals	Closing Balance	Carrying Value	
		R	R		R	R	R	R	R	R	R	
EXECUTIVE COUNCIL		839 651	112 244	-	-	951 895	186 093	131 795	-	317 888	634 007	
0006	Council General	678 079	-	-	-	678 079	92 702	99 288	-	191 990	486 089	
0018	Management Services	161 572	112 244	-	-	273 816	93 391	32 507	-	125 898	147 918	
FINANCE & ADMINISTRATION		19 002 895	1 112 995	2 359 256	-	22 475 147	3 558 601	656 901	-	4 215 503	18 259 644	
0002	Assessment Rates	19 738	-	-	-	19 738	19 738	-	-	19 738	-	
0026	Corporate Services	2 266 410	76 922	-	-	2 343 332	1 433 468	215 375	-	1 648 844	694 488	
0028	Budget and Treasury	1 759 699	392 323	-	-	2 152 023	1 425 341	162 211	-	1 587 552	564 471	
0030	Meter Reading	-	-	-	-	-	-	-	-	-	-	
0032	Stores	48 740	-	-	-	48 740	46 214	2 482	-	48 696	44	
0042	Fixed Property	3 970 401	-	-	-	3 970 401	46 806	9 810	-	56 616	3 913 785	
0044	Municipal Buildings	10 937 907	643 750	2 359 256	-	13 940 913	587 034	267 023	-	854 058	13 086 855	
ROAD TRANSPORT		27 110 636	5 238 200	2 488 086	-	34 836 922	8 921 752	1 847 021	-	10 768 773	24 068 150	
0064	Licencing	761 561	43 700	-	-	805 261	210 042	61 693	-	271 734	533 526	
0020	Public Works administration	622 559	17 900	-	-	640 459	228 434	67 267	-	295 701	344 758	
0022	Public Works	25 726 516	5 176 600	2 488 086	-	33 391 202	8 483 276	1 718 061	-	10 201 337	23 189 865	
COMMUNITY & SOCIAL SERVICES		1 622 373	-	-	-	1 622 373	592 195	72 322	-	664 517	957 856	
0050	Libraries	440 304	-	-	-	440 304	367 918	34 790	-	402 708	37 596	
0048	Hostels	850 714	-	-	-	850 714	140 940	28 157	-	169 097	681 617	
0058	Cemeteries	331 355	-	-	-	331 355	83 337	9 374	-	92 712	238 643	
PUBLIC SAFETY		1 907 511	1 229 724	-	-	3 137 236	1 128 485	207 437	-	1 335 922	1 801 314	
0004	Civil Protection	-	-	-	-	-	-	-	-	-	-	
0046	Fire fighting	348 739	-	-	-	348 739	348 739	-	-	348 739	-	
0034	Traffic Services	1 558 773	1 229 724	-	-	2 788 497	779 746	207 437	-	987 183	1 801 314	
SPORT & RECREATION		3 573 480	828 832	-	-	4 402 312	976 818	152 605	-	1 129 423	3 272 889	
0052	Parks	2 028 485	544 248	-	-	2 572 732	665 854	101 300	-	767 154	1 805 578	
0053	Sport and recreation	1 544 996	284 584	-	-	1 829 580	310 964	51 305	-	362 269	1 467 311	
WASTE WATER MANAGEMENT		19 022 018	-	-	-	19 022 018	3 971 192	1 043 879	-	5 015 071	14 006 947	
0066	Sewerage	19 022 018	-	-	-	19 022 018	3 971 192	1 043 879	-	5 015 071	14 006 947	
WASTE MANAGEMENT		3 302 313	84 404	112 000	-	3 498 717	1 309 419	370 942	-	1 680 361	1 818 355	
0062	Cleansing	3 302 313	84 404	112 000	-	3 498 717	1 309 419	370 942	-	1 680 361	1 818 355	
WATER		16 901 783	2 240 527	588 547	-	19 730 857	2 957 114	878 639	-	3 835 753	15 895 104	
0088	Water	16 901 783	2 240 527	588 547	-	19 730 857	2 957 114	878 639	-	3 835 753	15 895 104	
ELECTRICITY		6 777 897	-	454 678	-	7 232 575	1 484 120	326 069	-	1 810 188	5 422 387	
0082	Electricity distribution	6 032 603	-	454 678	-	6 487 281	1 334 897	296 257	-	1 631 154	4 856 127	
0024	Street lighting	745 294	-	-	-	745 294	149 222	29 812	-	179 034	566 260	
TOTAL		100 060 558	10 846 926	6 002 567	-	116 910 051	25 085 788	5 687 610	-	30 773 399	86 136 653	

MOOKGOPHONG LOCAL MUNICIPALITY

APPENDIX C DETAILED SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

2008 Actual Income	2008 Actual Expenditure	2008 Actual Surplus/ (Deficit)		2009 Actual Income	2009 Actual Expenditure	2009 Actual Surplus/ (Deficit)
R	R	R		R	R	R
6 740 365	11 437 082	(4 696 717)	EXECUTIVE COUNCIL	6 503 109	15 203 513	(8 700 404)
6 740 365	8 700 278	(1 959 913)	Council General	6 502 713	10 755 492	(4 252 779)
-	2 736 804	(2 736 804)	Management Services	396	4 448 021	(4 447 625)
25 412 647	10 997 744	14 414 903	FINANCE & ADMINISTRATION	21 314 549	15 652 739	5 661 810
11 253 901	1 152 029	10 101 872	Assessment Rates	10 873 098	936 994	9 936 105
3 624 707	17 700	3 607 007	Grants	-	18 000	(18 000)
564 296	3 476 435	(2 912 139)	Corporate Services	164 684	5 345 525	(5 180 841)
9 846 847	4 469 031	5 377 816	Budget and Treasury	10 118 052	7 424 187	2 693 865
-	191 958	(191 958)	Meter Reading	-	302 832	(302 832)
-	222 029	(222 029)	Stores	27 994	205 821	(177 827)
78 382	128 894	(50 512)	Fixed Property	17 852	10 602	7 250
44 514	1 339 668	(1 295 154)	Municipal Buildings	112 867	1 408 778	(1 295 911)
2 050 605	6 495 971	(4 445 366)	ROAD TRANSPORT	11 839 766	7 091 148	4 748 618
2 033 406	1 230 165	803 241	Licencing	1 967 130	1 612 943	354 187
10 059	989 026	(978 967)	Public Works administration	7 245	1 127 833	(1 120 588)
7 140	4 276 780	(4 269 640)	Public Works	9 865 391	4 350 372	5 515 019
192 738	923 834	(731 096)	COMMUNITY & SOCIAL SERVICES	141 728	779 074	(637 346)
21 162	547 803	(526 641)	Libraries	19 221	560 481	(541 260)
85 068	160 487	(75 419)	Hostels	38 807	33 342	5 465
86 508	215 544	(129 036)	Cemeteries	83 700	185 251	(101 551)
463 120	1 686 837	(1 223 717)	PUBLIC SAFETY	348 286	1 451 270	(1 102 984)
-	26 647	(26 647)	Civil Protection	-	-	-
343 995	384 306	(40 311)	Fire fighting	284 450	248 026	36 424
119 125	1 275 884	(1 156 759)	Traffic Services	63 836	1 203 244	(1 139 408)
1 336 629	1 469 480	(132 851)	SPORT & RECREATION	-	1 648 612	(1 648 612)
76	1 323 499	(1 323 423)	Parks and Nursery	-	1 538 852	(1 538 852)
16 553	54 882	(38 329)	Rest and services	-	39 167	(39 167)
1 320 000	91 099	1 228 901	Sport and recreation	-	70 593	(70 593)
3 378 633	2 732 919	645 714	WASTE WATER MANAGEMENT			
-	-	-	Sewerage	3 961 415	3 731 985	229 430
4 022 376	2 982 746	1 039 630	WASTE MANAGEMENT			
-	-	-	Cleansing	5 416 622	4 612 093	804 529
4 741 907	3 224 789	1 517 118	WATER			
-	-	-	Water	5 519 214	4 612 093	907 121
14 152 574	13 114 371	1 038 203	ELECTRICITY	21 051 998	18 225 269	2 826 729
-	173 868	(173 868)	Electricity distribution	21 051 998	18 070 821	2 981 177
-	-	-	Street lighting	-	154 448	(154 448)
62 491 594	55 239 641	6 387 618	Total	76 096 687	73 007 796	3 088 891

MOOKGOPHONG LOCAL MUNICIPALITY

APPENDIX D (1) ACTUAL OPERATING VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2009

	2009 Actual R	2009 Budget R	2009 Variance R	2009 Variance %	Explanations of significant variances greater than 10% versus budget
REVENUE					
Property rates	10 872 967	10 530 000	342 967	3.26%	An adjustment of 1,5m still to be made
Service charges	29 705 933	26 503 350	3 202 583	12.08%	Budget amount for electricity understated
Rental of facilities and equipment	168 433	174 735	(6 302)	-3.61%	
Interest earned – external investments	6 814 264	2 822 115	3 992 149	141.46%	Budget understated
Interest earned – outstanding debtors	1 295 690	741 000	554 690	74.86%	Budget understated
Fines	70 522	131 000	(60 478)	-46.17%	Limited resources
Revenue for agency services	1 935 864	4 545 000	(2 609 136)	-57.41%	Increased demand in licencing
Government grants & subsidies – operating	13 902 088	12 690 010	1 212 078	9.55%	
Government grants & subsidies – capital	10 205 265	0	10 205 265		
Public contributions, donated and contributed property, plant and equipment	35 422	0	35 422		
Other revenue	1 090 240	7 503 790	(6 413 550)	-85.47%	5,6m to be refunded from Reserves
Total Revenue	76 096 687	65 641 000	10 455 687	15.93%	
EXPENDITURE					
Employee related costs	22 660 110	25 022 354	(2 362 244)	-9.44%	
Remuneration of councillors	1 662 271	1 265 000	397 271	31.40%	Ad-hoc subsistence & travelling
Bad debts	3 427 042.00		3 427 042	0.00%	
Capital charges			0	0.00%	
Depreciation	5 687 610	4 633 800	1 053 810	22.74%	Under-budgeting
Repairs & maintenance	3 127 102	2 495 280	631 822	25.32%	Budget understated
Finance costs	0		0	0.00%	
Bulk purchases	13 598 849	11 457 000	2 141 849	18.69%	Increase in Eskom tariffs
Grants & subsidies paid			0	0.00%	
General expenses	22 844 811	23 380 606	(535 795)	-2.29%	
Total Expenditure	73 007 796	68 254 040	4 753 756	6.96%	
NET SURPLUS/(DEFICIT) FOR THE YEAR	3 088 891	(2 613 040)	5 701 931		

MOOKGOPHONG LOCAL MUNICIPALITY

APPENDIX D (2)
ACTUAL CAPITAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)
FOR THE YEAR ENDED 30 JUNE 2009

	2009 Actual R	2009 Under Construction R	2009 Total Additions R	2009 Budget R	2009 Variance R	200900.00% Variance %	Explanations of significant variances greater than 5% versus budget
EXECUTIVE COUNCIL	112 244	0	112 244	600 000	-487 756		
Council General					0		
Management Services	112 244	0	112 244	600 000	-487 756	-81.29%	Delays in supply chain processes
FINANCE & ADMINISTRATION	3 472 251	0	3 472 251	10 161 000	-6 688 749		
Assessment Rates							
Corporate Services	76 922	0	76 922	100 000	-23 078	-23.08%	Delays in supply chain processes
Budget and Treasury	392 323	0	392 323	739 000	-346 677	-46.91%	Delays in supply chain processes
Meter Reading							
Stores							
Fixed Property		0	0	0	0		
Municipal Buildings	3 003 006	0	3 003 006	9 322 000	-6 318 994	-67.79%	Delays in supply chain processes
ROAD TRANSPORT	7 726 286	0	7 726 286	10 363 708	-2 637 422		
Licencing	43 700	0	43 700	35 000	8 700	24.86%	Delays in supply chain processes
Public Works administration	17 900	0	17 900	444 000	-426 100	-95.97%	Delays in supply chain processes
Public Works	7 664 686	0	7 664 686	9 884 708	-2 220 022	-22.46%	Delays in supply chain processes
COMMUNITY & SOCIAL SERVICES	0	0	0	1 250 000	-1 250 000		
Libraries	0	0	0	350 000	-350 000	-100.00%	Delays in supply chain processes
Hostels							
Cemeteries				900 000	-900 000	-100.00%	Delays in supply chain processes
PUBLIC SAFETY	1 229 724	0	1 229 724	1 738 000	-508 276		
Civil Protection							
Fire fighting							
Traffic Services	1 229 724	0	1 229 724	1 738 000	-508 276	-29.24%	Delays in supply chain processes
SPORT & RECREATION	828 832	0	828 832	1 083 000	-254 169		
Parks	544 248	0	544 248	357 000	187 248	52.45%	Delays in supply chain processes
Sport and recreation	284 584	0	284 584	726 000	-441 416	-60.80%	Delays in supply chain processes
WASTE WATER MANAGEMENT	0	0	0	11 000	-11 000		
Sewerage						-100.00%	Delays in supply chain processes
WASTE MANAGEMENT	196 404	0	196 404	2 649 000	-2 452 596		
Cleansing						-92.59%	Delays in supply chain processes
WATER	2 829 074	0	2 829 074	10 891 000	-8 061 926		
Water						-74.02%	Delays in supply chain processes
ELECTRICITY	454 678	-	454 678	2 793 000	-2 338 322		
Electricity distribution	454 678	0	454 678	2 793 000	-2 338 322	-83.72%	Delays in supply chain processes
Street lighting							
TOTAL	16 849 492	0	16 849 492	41 539 708	-22 340 893		